

**RAJASTHAN FINANCIAL CORPORATION  
(LOANS SECTION)**

**Ref. No.RFC/F.LA-12(71)/1758**

**Dated : 01.12.2007**

**: P&G CIRCULAR :  
(LA No. : 475)**

**Reg : SARAL SCHEME FOR SME SECTOR  
(EXISTING INDUSTRIAL RUNNING UNITS)**

The Corporation has always associated itself with the SME Sector units of the state by introducing various loan schemes for catering their financial needs. There has been a persistent demand from the entrepreneurs, industrial associations and our field offices for quick sanctions with minimum formalities. Keeping this in view, the scheme termed as "Saral Scheme for SME Sector (existing industrial running units)" has been introduced as per the decision taken in the PC&CC meeting held on 28.11.07.

Under this scheme, the Corporation shall provide financial assistance to existing industrial running units of Micro, Small & Medium Scale Sector for meeting out their industrial financial requirements like expansion, modernization, diversification, acquiring balancing machinery & equipments as well as to meet out working capital requirement, provided the existing prime security (Land & building) are mortgaged alongwith hypothecation of existing P&M as well as further fixed assets to the Corporation under first charge free from all encumbrances.

The scheme will facilitate the existing running industrial units situated in Micro, Small & Medium Scale Sector saturated & having potential industrial areas (as per Annexure "A") who are ready to mortgage their prime security (Land & building) and hypothecation of P&M and MFA with the Corporation, under first charge.

The applicant shall file the loan application in prescribed proforma alongwith the required documents mentioned in the annexure of application form including the project report. Since, this scheme is mainly security based, therefore, the project report submitted by the applicant shall not be examined in detail but the promoters appraisal including their background, net worth, I.T. Returns, balance sheets of sister concerns, obtaining credit reports, antecedents verification etc. shall be undertaken as usual and the project should be prima-facie feasible and viable.

The principal clearance shall be finalized within seven days from the date of registration of loan application and cases cleared in principle shall be sanctioned within 15 days positively subject to submission of clear mortgageable and marketable title and other required documents.

The loan proposal under the scheme may be prepared as per the format of appraisal note annexed with PG Circular No. 1007 dt. 22.5.03. However, terms and conditions regarding rate of interest, repayment period, pre-documentation and disbursement conditions shall be stipulated as mentioned in the annexed scheme i.e. "Saral Scheme for SME Sector". The scheme is

enclosed and marked as Annexure-I. Finance Section shall make arrangements to claim refinance under the scheme from SIDBI.

All concerned are advised to give wide publicity of this scheme through pamphlets, clearly indicating the provisions of the scheme and the Branch Manager shall ensure that each & every existing loanee of the Corporation becomes aware of this scheme and simultaneously attempt to fetch maximum business under this Scheme by 31.12.2007 and send the feed back about the progress of the scheme to HO by 2.1.08.

All concerned are advised to take a note of above and ensure compliance of the same and maximize business under the scheme.

(PAWAN ARORA)  
EXECUTIVE DIRECTOR

**ENCL : AS ABOVE.**

**Copy to:**

- 1- Standard Circulation at HO.
- 2- All Branches/ Sub-Offices.
- 3- DGM (A&I), Eastern & Western Zones.

**RAJASTHAN FINANCIAL CORPORATION  
(LOANS SECTION)**

**SARAL SCHEME FOR SME SECTOR  
(EXISTING INDUSTRIAL RUNNING UNITS)**

**1. INTRODUCTION**

The Corporation has played the pivotal role in industrialization of the State. Various loan schemes had been introduced by the Corporation from time to time for catering to the needs of SME sector. In the present context time factor is the important factor for an entrepreneur and simultaneously, the Corporation has to secure its port folio properly. Keeping this in view, the Corporation has introduced a new scheme named as “SARAL SCHEME FOR SME SECTOR”. In this scheme the Corporation shall provide financial assistance to existing industrial running units of Micro, Small & Medium Scale Sector for meeting their industrial financial requirements like expansion, modernization, diversification, acquiring balancing machinery & equipment as well as to meet out working capital requirement provided the existing prime security (Land & Building) is mortgaged along with hypothecation of existing Plant & machinery as well as future fixed assets to the Corporation under first charge free from all encumbrances. The salient features of the scheme are as under:

**2. ELIGIBILITY CRITERIA:**

Existing industrial running units situated in saturated & potential industrial areas (as per Annex-A) who are ready to mortgage their prime security (Land & Building ) & hypothecation of Plant & Machinery & Miscellaneous Fixed Assets with the Corporation under first charge & such units should also fulfill the following:

a. The loan amount shall be utilized for creation of fixed assets and/or working capital in the same industrial unit which is proposed to be mortgaged.

b. The proposed property to be mortgaged should not be presently leased out/rented out and should not be leased out/rented out in future without the permission of the Corporation.

c. The repayment behavior & past dealings of the promoters/concern/sister concerns/group concerns with the Corporation/banks/FIs should have been satisfactory.

However, if the units/promoters who have availed any benefits/ reschedulement benefits in the loan accounts of the concern/ sister concerns/group concerns from the Corporation/banks/FIs in the past, than loan under the scheme can be considered on the terms and condition as mentioned in PG circular No.1210 dated 29.11.2007.

### **3. SECURITY:**

i) The prime security i.e. land and building of the unit shall be under Ist charge of the Corporation by way of equitable mortgage.

ii) All existing and future Plant & Machinery & MFA shall also be hypothecated.

iii) Personal guarantee of proprietor/partners/directors for securing repayment of loan and interest thereon.

### **4. ADMISSIBILITY OF LOAN**

The scheme is mainly security based, therefore, the MRV of land & building shall be considered as acceptable value. The MRV of land and building will be calculated by a team of two officers of technical & finance discipline as per the guidelines issued in this regard from time to time and as per remarks mentioned in the annexure 'A' of the scheme for some industrial areas. For the purpose of calculation of security, the acceptable value shall be considered and 50% loan of the acceptable value shall be sanctioned.

### **5. AMOUNT OF ASSISTANCE**

From Rs.2.00 Lacs and up to Rs.1000 Lacs only. The maximum limit for proprietorship, HUF and partnership concerns shall be Rs. 800 Lacs and for companies Rs.1000 Lacs.

### **6. REPAYMENT PERIOD & MODE OF PAYMENT:**

The total loan shall be repayable in 3½ years including moratorium period not exceeding six months.

The loan shall be repayable in 13 equated quarterly installments against principal and interest through post dated cheques. The first installment (including principal & interest) shall fall due on first day of the quarter i.e. Dec., March, June & September falling immediately after three months from the date of first disbursement. In case of any balance amount is payable/recoverable (as the case may be), shall be covered/adjusted in last EQI.

The Branch shall recover interest for the moratorium period exceeding three months by calculating the interest manually and the same shall be recovered along with 1<sup>st</sup> EQI through a separate cheque.

**7. PROJECT REPORT:**

The applicant shall furnish the detailed project report for existing as well as proposed project consisting of cost of project, sources of finance profitability & cash flow projections and covering the viability parameters including PC, DER & DSCR etc. Since, this scheme is mainly security based, therefore, project report submitted by the applicant shall not be examined in detail but the promoters appraisal including their back ground, net worth, IT returns, balance sheet of sister concern's, obtaining credit reports, antecedents verifications etc.. shall be undertaken as usual and the project should be prima facie feasible & viable.

**8 RATE OF INTEREST**

The Corporation shall charge interest rate prevailing as on date of first disbursement of loan (including token disbursement). Presently, the rate of interest is 16% p.a. and the timely payment rebate shall be 2.00% p.a. under the scheme.

**9. LIQUIDATED DAMAGES:**

Liquidated damages shall be charged on the amount of default for the period of default as per prescribed slabs under industrial loan scheme from time to time.

**10. APPLICATION FEE:**

Application fee @ 0.1% on the amount of loan application along with service tax and education cess as applicable from time to time shall be deposited at the time of filing the loan application.

**11. PROCESSING CHARGES:**

Processing charges @ 1% along with Service Tax & education cess shall be deposited before conveying sanction of loan.

**12. SANCTIONING AUTHORITY**

- a) As per existing delegation of powers under general term loan scheme.
- b) The principal clearance shall be finalized within seven days from the date of registration of loan application and cases cleared in principle shall be sanctioned within 15 days positively subject to submission of clear mortgageable & marketable title and other required documents.

### 13. **PRE-DOCUMENTATION:**

- A. The promoters/borrower shall keep insured the fixed assets i.e. Building, P&M, F&F, every year till the currency of Corporation loan and the copy of the Insurance policy, shall invariably be furnished to the Corporation.
- B. A specific condition may be stipulated while sanction of loan that no settlement of the account under the scheme shall be considered as no sacrifice should normally be made by the Corporation in respect of amount of principal and interest thereon.

### C. **UNDERTAKINGS:**

- a) The borrower shall furnish undertaking to utilize the loan amount for meeting working capital requirement or for creation of fixed assets to be used for industrial purpose in the industrial unit.
- b) The borrower shall furnish undertaking that it will comply all legal requirement to run the unit i.e. obtaining consent to establish/consent to operate from RPCB, NOC from RIICO/local authority and other departments, if required so.
- c) The borrower shall furnish undertaking that the property is owned by him and not let out/leased and free from all encumbrances. The property mortgaged to the Corporation shall not be leased out/rented out in future without the prior permission of the Corporation.
- d) That no litigation in any court/tribunal/forum related to the property proposed to be mortgaged is pending.
- e) The borrower shall furnish CA certificate for utilization of loan in the industrial unit within six to nine months from the date of first disbursement of loan.
- f) The borrower unit shall install a suitable water harvesting system to conserve the water resources.

### 14. **DISBURSEMENT**

- a) The disbursement shall be made in three installments. First disbursement of 50% loan amount shall be made after satisfying the compliance of terms and conditions of sanction letter. The 2<sup>nd</sup> and 3<sup>rd</sup> disbursement of 25% loan amount each shall be made only after verifying the utilization of earlier disbursed amount in the project.

b) The disbursement can be made within 6 months from the date of sanction. However, disbursement beyond 6 months can be considered by charging upfront fee @ 0.1% of amount to be disbursed.

Encl: Annex-A



**LIST OF INDUSTRIAL AREA ELIGIBLE FOR FINANCING UNDER SARAL  
SCHEME FOR SME SECTOR**

| <u>S.No.</u> | <u>Name of Branch Office</u>                                    | <u>Industrial area covered</u>  |
|--------------|---|---|
| 1.           | <b>Ajmer</b>  | <ul style="list-style-type: none"> <li>• Ajmer – Parbatpura, Makhopura Ext.,</li> <li>• HMT, Industrial Area</li> </ul>   |
| 2.           | <b>Beawar</b>   | <ul style="list-style-type: none"> <li>• Beawar – I, II &amp; III Phase of Inds. Area</li> <li>• JIN Udyog Puri</li> <li>• LBS Industrial Area</li> <li>• Indira Gandhi Inds. Area</li> </ul>   |
| 3.           | <b>Bhilwara</b>   | <ul style="list-style-type: none"> <li>• Bhilwara I, II &amp; III Phase</li> <li>• Bhilwara (T.A.)</li> </ul>   |
| 4.           | <b>Kishangarh</b>   | <ul style="list-style-type: none"> <li>• Kishangarh I, II, III &amp; IV Phase</li> <li>• Units set up on converted land in and around 3<sup>rd</sup> &amp; 4<sup>th</sup> phase, RIICO Industrial area, Kishangarh</li> <li>• Units set up on prominent roads namely Harmara Road. Tunkara Roads and Makrana Road of Kishangarh within the vicinity of 3 Kms from Kishangarh N.H. No.8</li> </ul> |
| 5.           | <b>Makrana</b>  | <ul style="list-style-type: none"> <li>• Gangsaw Units located and having opening at Makrana Road, Borawar and Borawar Road Makrana</li> </ul>  |
| 6.           | <b>Alwar</b>  | <ul style="list-style-type: none"> <li>• *MIA, Alwar</li> </ul>   |
|              | *MRV of land to be considered prevailing reserve price of RIICO |   |

|     |  |  |
|-----|--|--|
|     | and the MRV of building to be considered as per norm.  |  |
| 7.  | <b>Bharatpur</b>   | <ul style="list-style-type: none"> <li>• Brij 1<sup>st</sup> Phase</li> </ul>  |
| 8.  | <p><b>Bhiwadi</b></p> <p>*MRV of land to be considered on the prevailing RIICO allotment rates.</p>  | <ul style="list-style-type: none"> <li>• Bhiwadi Industrial Area</li> <li>• *RIICO Industrial Area, Chopanki &amp; Khuskhera</li> </ul>  |
| 9.  | <p><b>Neemrana</b></p> <p>*MRV of land to be considered on the allotment rate of RIICO/DLC rate which ever is lower.</p> <p># MRV of land to be considered on the prevailing allotment rate of RIICO</p>   | <ul style="list-style-type: none"> <li>• RIICO Inds. Area Neemrana</li> <li>• *RIICO Inds. Area, Shahjajanpur</li> <li>• *RIICO Inds. Area, Behror</li> <li>• #RIICO Inds. Area, Sotanala</li> </ul> |
| 10. | <b>Bikaner</b>   | <ul style="list-style-type: none"> <li>• Bichwal – I, II &amp; III Phase</li> <li>• Rani Bazar (TA)</li> <li>• Nokha Industrial Area</li> <li>• Karni RIICO Inds. Area –I &amp; II Phase</li> </ul>  |
| 11. | <b>Sriganganagar</b>   | <ul style="list-style-type: none"> <li>• Industrial Estate, SGNR</li> </ul>  |
| 12. | <p><b>Dausa</b></p> <p>*</p> <p>a) MRV of land to be considered on RIICO rate only.</p> <p>b) The unit should be running and profit earning in last three years &amp; having good track record.</p> <p>c) All cases be cleared from HO exceeding term loan of Rs.5 lac (loan below Rs.5 lacs are not be sanctioaned)</p> | <ul style="list-style-type: none"> <li>• *Somnath Industrial Area</li> </ul>   |
| 13. | <b>Jaipur(City)</b>  | <ul style="list-style-type: none"> <li>• MIA</li> <li>• VKIA</li> <li>• Jotwara</li> <li>• Kartarpura</li> <li>• Sudarshanpura</li> <li>• Bais Godown</li> </ul>                                     |

|     |                      |   |
|-----|----------------------|---|
|     |                      | <ul style="list-style-type: none"> <li>• Sitapura</li> <li>• Mansarovar</li> </ul>  |
| 14. | <b>Jaipur(VKIA)</b>  | <ul style="list-style-type: none"> <li>• Vishwa Karma Industrial Area</li> <li>• Jetpura</li> </ul>   |
| 15. | <b>Jaipur(Rural)</b> | <ul style="list-style-type: none"> <li>• Bassi I Phase</li> <li>• Bagru(Old)</li> <li>• RIICO Inds. Area, Bagru Ext.</li> <li>• RIICO Inds. Area, Bindayaka</li> <li>• RIICO Inds. Area, Heerawala</li> <li>• RIICO Inds. Area Bagru Ext-II</li> </ul>  |
| 16. | <b>Balotra</b>       | <ul style="list-style-type: none"> <li>• Balotra I, II &amp; III Phase</li> </ul>   |
| 17. | <b>Jaisalmer</b>     | <ul style="list-style-type: none"> <li>• RIICO Inds. Area, Jaisalmer</li> </ul>   |
| 18. | <b>Jodhpur</b>       | <ul style="list-style-type: none"> <li>• Mandore</li> <li>• Marudhar, Light Industrial Area.</li> <li>• Mini Growth Centre (Sangaria)</li> <li>• Heavy Industrial Area</li> <li>• Electronic Complex. (T.A.)</li> <li>• BNPH Heavy (TA)</li> <li>• B.K.K.</li> <li>• Boronda Industrial Area Phase-I, II, III &amp; EPIP</li> </ul> |
| 19. | <b>Pali</b>          | <ul style="list-style-type: none"> <li>• Mandia Road</li> <li>• Pali I &amp; II Phase</li> <li>• Industrial Estate Pali</li> </ul>  |
| 20. | <b>Kota</b>          | <ul style="list-style-type: none"> <li>• Indraprastha</li> <li>• Electronic Complex</li> <li>• Ramganj Mandi</li> <li>• Furniture Inds. Area</li> <li>• Small Scale Inds. Area</li> <li>• Industrial Estate (Near Grain Mandi)</li> <li>• RIICO Chambal Inds. Area</li> </ul>   |

|     |  |   |
|-----|--|---|
| 21. | <b>Bundi</b>   | <ul style="list-style-type: none"> <li>• By pass Road Inds. Area</li> </ul>   |
| 22. | <b>Chittorgarh</b>   | <ul style="list-style-type: none"> <li>• Ajolia Ka Kheda Phase I &amp; II</li> <li>• Chittorgarh Ext. &amp; TA</li> <li>• Chittorgarh (Chandaria)</li> </ul>  |
| 23. | <b>Rajsamand</b>   | <ul style="list-style-type: none"> <li>• Rajnagar</li> <li>• Units set up on converted land at NH-8 from Nathdwara to Rajsamand and 2 Kms from Rajsamand towards Kelwa having opening at NH No.8</li> </ul>   |
| 24. | <p><b>Udaipur</b></p> <p>*While calculating MRV in the areas it is to be ensured that:</p> <p>i) MRV of land to be considered on the prevailing allotment rate of RIICO.</p> <p>ii) MRV of building to be considered as per book value as shown in the latest balance sheet.</p> | <ul style="list-style-type: none"> <li>• Mewar</li> <li>• Sukher</li> <li>• Pratap Nagar Inds. Area</li> <li>• Units Set up on converted land along with National Highway No.8 in Amberi &amp; Sukher, Distt. Udaipur having opening at NH No.8</li> <li>• *IID Centre, RIICO Inds. Area, Kaladwas</li> <li>• *RIICO Inds. Area, Gudli</li> <li>• *Bhamashah RIICO Inds. Area, Kaladwas</li> <li>• *RIICO Inds. Area, MIA (Extn.)Udaipur</li> </ul> |